

[Home](#) | [Previous Page](#)**U.S. Securities and Exchange Commission****SECURITIES AND EXCHANGE COMMISSION****Litigation Release No. 17300 / January 10, 2002****SEC FILES COMPLAINT ALLEGING FRAUD AGAINST A DELRAY BEACH, FLORIDA COMPANY, TWO OF ITS FORMER OFFICERS, AND A STOCK PROMOTER****SECURITIES AND EXCHANGE COMMISSION V. GLOBAL DATATEL, INC., RICHARD BAKER, MARIO HABIB, and STUART BOCKLER, Case No. 01-9108-CIV-RYSCAMP (S.D. Fla., filed Dec. 26, 2001).**

On December 26, 2001, the Securities and Exchange Commission filed a complaint alleging securities fraud against Global Datatel, Inc. ("Global Datatel"), its chief executive officer, Richard Baker ("Baker"), and Mario Habib ("Habib"), the president of eHOLA.com ("eHOLA") subsidiary of Global Datatel. Also named in the complaint is Stuart Bockler, who was hired as a stock promoter by Global Datatel.

The Commission's complaint, filed in federal court in Miami, alleges that from January 1999 through August 1999, Baker and Habib disseminated false information about Global Datatel via the Internet, press releases, and other public statements. eHOLA was purportedly attempting to become the America OnLine of Latin America, and the false statements concerned, among other things, the number of eHOLA's Internet subscribers, revenue projections, and a multi-million direct CD mailing. The complaint further alleges that Global Datatel also issued false and misleading statements concerning its 1998 revenue and net income.

The complaint also alleges that from January 1999 through October 1999, Bockler, after receiving common stock from the Company, issued at least a dozen reports on Global Datatel that contained baseless price projections for Global Datatel's common stock. The complaint alleges that contemporaneous with the issuance of these reports, Bockler sold his Global Datatel shares. The complaint alleges that Bockler never publicly disclosed his compensation arrangement with the Company, or that fact that he was selling his Global Datatel stock while recommending its purchase to the public.

The Commission's complaint seeks a permanent injunction against all defendants enjoining them from further violations of Section 17(a) of the Securities Act of 1933 ("Securities Act"), Section 10(b) of the Exchange Act of 1934 and Rule 10b-5 thereunder, and, as against Bockler, Section 17(b) of the Securities Act. The complaint also seeks a civil money penalty against Baker, Habib, and Bockler, and disgorgement against Bockler.

➤ [SEC Complaint](#) in this matter.

<http://www.sec.gov/litigation/litreleases/lr17300.htm>

[Home](#) | [Previous Page](#)

Modified: 01/10/2002


[Home](#) | [Previous Page](#)

U.S. Securities and Exchange Commission

UNITED STATES DISTRICT COURT SOUTHERN DISTRICT OF FLORIDA

CASE NO.

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

GLOBAL DATATEL, INC., RICHARD BAKER,

MARIO HABIB, and STUART BOCKLER,

Defendants.

COMPLAINT FOR
INJUNCTIVE AND
OTHER RELIEF

Plaintiff Securities and Exchange Commission (the "SEC" or "Commission") alleges as follows:

I. INTRODUCTION

1. The SEC brings this action to enjoin Global Datatel, Inc. ("Global"), Global's chief executive officer, Richard Baker ("Baker"), and Mario Habib ("Habib"), the president of Global's subsidiary, eHOLA.com ("eHOLA"), from further disseminating false and misleading information about Global and eHOLA via the Internet, press releases and in road shows in violation of Section 17(a) of the Securities Act of 1933 ("Securities Act"), Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act"), and Rule 10b-5 thereunder. From January 1999 through August 1999, Global, through Baker and Habib, issued a series of false and misleading statements concerning, among other things, eHOLA's Internet subscriber base, Global's 1998 revenues and income, and projected 1999 revenues for Global and eHOLA.

The Commission also seeks to enjoin defendant Stuart Bockler ("Bockler"), a stock analyst retained by Global who, after receiving Global stock, issued at least a dozen stock reports - which he posted on his website - reiterating the false and misleading statements and setting baseless "price targets" for Global stock. While touting Global's stock, Bockler not only failed to disclose his compensation in violation of Section 17(b) of the Securities Act, he also engaged in the unlawful practice of "scalping" - selling his Global stock while contemporaneously recommending purchase of the shares and issuing significantly higher price targets.

In addition to a permanent injunction against Defendants, the SEC also seeks the imposition of a civil money penalty, and, as against Bockler, disgorgement of his ill-gotten gains.

II. DEFENDANTS

2. Defendant Global is a Nevada Corporation located in Delray Beach, Florida. Global was a computer-systems integrator and Internet service provider operating in Central and South America. Global's common stock was, at all relevant times, quoted on the Over-the-Counter ("OTC") Bulletin Board as "GDIS." On October 2, 2001, Global filed for protection under Chapter 7 of the bankruptcy code in the Southern District of Florida.

3. Defendant Baker resides in Boca Raton, Florida and was, at all relevant times, the chief executive officer of Global.

4. Defendant Habib, a citizen of Colombia, resides in Davie, Florida and was, at all relevant times, president of Global's wholly-owned subsidiary, eHOLA, which purportedly provided Internet service in Central and South America.

5. Defendant Bockler resides in Morgansville, New Jersey. Bockler is a stock analyst who, at all relevant times, maintained an Internet site that promoted stocks of companies who retained him as a promoter.

III. JURISDICTION AND VENUE

6. This Court has jurisdiction over this action pursuant to Sections 20(b), 20(d) and 22(a) of the Securities Act, 15 U.S.C. §§ 77t(b), 77t(d) and 77v(a), and Sections 21(d), 21(e) and 27 of the Exchange Act, 15 U.S.C. §§ 78u(d), 78u(e) and 78aa.

7. Defendants, directly and indirectly, have made use of the means and instrumentalities of interstate commerce, the means and instruments of transportation and communication in interstate commerce, and the mails, in connection with the acts, practices, and courses of business complained of herein.

8. The Southern District of Florida is the proper venue for this action. Certain acts and transactions alleged and stated herein constitute violations of the Securities Act and the Exchange Act and have occurred within the Southern District of Florida. Until recently, Defendant Global maintained an office in this District and Defendants Baker and Habib reside in this District.

IV. FALSE AND MISLEADING INFORMATION DISSEMINATED BY GLOBAL, THROUGH DEFENDANTS BAKER AND HABIB

A. Baker and Habib's Presentations at Road Shows

9. In late February and early March 1999, Defendants Baker and Habib made presentations to financial professionals at group luncheons and in

private one-on-one meetings in Chicago and New York (the "road shows"). During these road show presentations, Baker primarily discussed Global's computer re-seller business and Habib discussed eHOLA.

10. Defendant Baker overstated Global's 1998 pro forma revenues and net income at the road shows. For example, Baker told attendees that Global's 1998 proforma net income was \$4,499,000. In fact, Global's final pro forma net income was only \$1,850,457, less than half of the amount represented by Baker. Baker also overstated Global's 1998 revenue numbers by 21%.

11. During the road show presentations, Defendant Habib made numerous baseless revenue and expense projections concerning eHOLA. Habib told attendees that eHOLA was going to conduct a "saturation" direct-mail CD program to sign up 800,000 subscribers by December 31, 1999, increasing revenues to \$89.3 million by year-end. Habib also made false revenue and expense projections for the quarter ending March 31, 1999, claiming that eHOLA subscribers would reach 50,000, with revenues of \$875,000 -- \$700,000 of which would derive from "CD advertising."

12. Habib's projections concerning eHOLA's 1999 subscribers and revenues were baseless for a number of reasons. First, Global did not order any CDs until late March, and then it ordered only 150,000 CDs -- not the millions it needed to meet Habib's projections. Thus, there was no reasonable basis to believe that eHOLA would reach its subscriber projections for either the first quarter of 1999 or year-end. Additionally, while revenues from "CD Advertising" depended on Global attracting third parties to advertise on the CD, in March 1999, eHOLA had no commitments to advertise on its CD.

13. Defendant Habib's projections were also unfounded because eHOLA's Internet network was not yet operational and would not be for at least several months. In fact, as of July 26, 1999, eHOLA's network was still in its testing phase, and the service had no subscribers or revenues. eHOLA generated its first revenues -- a mere \$18,842 -- during the Company's 1999 third quarter, which ended on September 30, 1999.

14. Habib's publicly-stated 1999 revenue and subscriber numbers were also undermined by his own internal market analysis, which revealed a potential market of only 2.5 million internet users in Central and South America, and not the 4 million that he publicly estimated at the road shows.

B. Global's False and Misleading Press Releases

15. From February through October 1999, Global, through Defendants Baker and Habib, issued a series of false and misleading press releases containing information that Baker and Habib knew, or were reckless in not knowing, was false and misleading.

16. On February 12, 1999, Global issued a press release announcing that its online network "now exceeds 40,000 interactive users. An additional 35,000 subscribers are expected to be online before [eHOLA's] launch date in March, 1999." The press release was false because Global had no

subscribers as of that date.

17. On April 22, 1999, Global issued a press release formally announcing the availability of eHOLA in thirteen countries and seventy-four cities throughout Latin America. The release further stated that Global was marketing eHOLA "through a multi-million direct mailing of the eHOLA CD." This statement was false and misleading because Global had not initiated a multi-million CD mailing but, rather, had ordered only 150,000 CDs.

18. Almost all of Global's press releases issued through 1999 contained a boilerplate paragraph falsely stating that Global had offices in Mexico, Brazil, Costa Rica, Nicaragua, and Panama. Global had offices only in Delray Beach, Florida and Colombia.

C. Additional False and Misleading Statements

19. Defendants Baker and Habib, from February through August 1999, engaged in a promotional campaign to tout eHOLA, and disseminated false information in news articles, interviews and television appearances that they knew, or were reckless in not knowing, was false and misleading.

20. On February 26, 1999, in an interview with CNBC/Dow Jones Business Video, Defendant Baker stated that "starting on March 15, 1999, which is our launch date in Latin America, we'll be mailing millions of CDs, direct to consumers throughout the region." This interview was also posted on Global's website. This statement is false and misleading because Global had not taken any steps to mail out "millions of CD's" as Baker represented. In fact, Global did not even place an order for CDs until mid-to-late March and then only ordered 150,000 CDs.

21. On May 6, 1999, on Fox Television's program "Cavuto Business Report," Defendant Baker stated that eHOLA was first to market, had an eight month lead on its competitors, and is "open for business signing up customers in North, Central and South America throughout the region." This statement was false since eHOLA's network was still in its "testing" phase, and the service had no subscribers or revenues to date.

22. On August 30, 1999, in the daily newspaper the Austin American Statesman, Defendant Habib stated that eHOLA was still giving away CDs as part of eHOLA's marketing efforts. eHOLA's CD program, however, had stopped in June 1999 and was never reinstated.

23. Due to Defendants Baker and Habib's dissemination of false and misleading information at road shows, in press releases, on Global's website and via other promotional activities, as well as the "touting" of Global stock by Defendant Bockler, as further described in paragraphs 25 to 30 below, Global's share price rose from \$7.25 per share on January 25, 1999, to a high of approximately \$16.84 on April 28, 1999. By November 10, 1999, the Company's share price had fallen to \$2.875, an 83% decline from its April 28th high.

24. Global sold 143,750 shares of stock for \$650,000 in an offering pursuant to Rule 504 of Regulation D of the Securities Act in February and

March 1999.

V. BOCKLER'S "TOUTING" AND "SCALPING" OF GLOBAL STOCK

A. Bockler's Agreement With Global Datatel

25. On January 5, 1999, Defendant Bockler entered into a written agreement with Global whereby he became Global's non-exclusive financial public relations consultant for a one-year period. Under the agreement, Bockler would receive 25,000 shares of Global common stock and warrants to purchase 150,000 shares of stock at \$5.50 per share. The agreement also provided that Bockler would receive an additional 25,000 shares if Global's share price reached \$15 for ten trading days during the one-year term.

26. Under his agreement with Global, Bockler was required to write at least two reports per quarter on Global and distribute these reports to Bloomberg News and Multex Research Library. The agreement also required Bockler to send at least 30,000 monthly e-mail informational offerings that directed people to view these reports on Bockler's website.

27. Bockler received 18,750 freely-tradable shares of Global stock from Global in late January and early February 1999.

B. Bockler Sells His Global Datatel Shares - Without Disclosing His Compensation -- While Contemporaneously Issuing Reports Recommending the Purchase of Global Stock

28. Bockler issued at least a dozen reports on Global in 1999, and each report contained a "buy" or "strong buy" recommendation. These reports contained short term price targets for Global's stock that were several hundred percentage points above the current market price. None of these reports disclosed that Bockler had received Global stock as compensation.

29. On January 26, 1999, Bockler issued a report on Global with his short-term price target raised to \$15-18 per share, and his twelve-month target raised to \$25-35 per share. The same day Bockler issued the report, the closing share price was \$7.375.

30. At the same time Bockler was disseminating his "buy" recommendations, he was selling his shares at prices that were much lower than even his short-term price targets. Indeed, Bockler sold his shares at prices ranging from \$8.00 to \$11.00 per share - even though he had short term price targets of \$15 to \$18 per share. Bockler never disclosed that he was selling his Global Datatel shares while contemporaneously recommending their purchase, and he reaped proceeds of approximately \$174,000.

COUNT I

**FRAUD IN VIOLATION OF SECTION 10(b)
OF THE EXCHANGE ACT AND RULE 10b-5
(As Against All Defendants)**

31. The SEC realleges and repeats its allegations set forth at paragraphs 1 through 30 of this Complaint as if fully restated herein.

32. Since a date unknown but since at least January 1999 through October 1999, Defendants, directly or indirectly, by use of the means and instrumentalities of interstate commerce or of the mails, or of any facility of any national securities exchange, in connection with the purchase or sale of the securities, as described herein, have knowingly, willfully or recklessly: (a) employed devices, schemes or artifices to defraud; (b) made untrue statements of material facts and omitted to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; and (c) engaged in acts, practices and courses of business which have operated, are now operating and will operate as a fraud upon the purchasers of such securities.

33. By reason of the foregoing, Defendants, directly and indirectly, have violated and, unless enjoined, will continue to violate Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5, 17 C.F.R. § 240. 10b-5, thereunder.

COUNT II

FRAUD IN VIOLATION OF SECTION 17(a)(1) OF THE SECURITIES ACT (As Against All Defendants)

34. The SEC realleges and repeats its allegations set forth at paragraphs 1 through 30 of this Complaint as if fully restated herein.

35. Since a date unknown but since at least January 1999 through March 1999, Defendants, directly and indirectly, by use of the means or instruments of transportation or communication in interstate commerce or by use of the mails, in the offer or sale of securities, as described herein, have knowingly, willfully or recklessly employed devices, schemes or artifices to defraud.

36. By reason of the foregoing, Defendants, directly and indirectly, have violated and, unless enjoined, will continue to violate Section 17(a)(1) of the Securities Act, 15 U.S.C. § 77q(a)(1).

COUNT III

FRAUD IN VIOLATION OF SECTIONS 17(a)(2) AND 17(a)(3) OF THE SECURITIES ACT (As Against All Defendants)

37. The SEC realleges and repeats its allegations set forth at paragraphs 1 through 30 of this Complaint as if fully restated herein.

38. Since a date unknown but since at least January 1999 through March 1999, Defendants, directly and indirectly, by use of the means or

instruments of transportation or communication in interstate commerce or by the use of the mails, in the offer or sale of securities, as described herein, have: (a) obtained money or property by means of untrue statements of material facts and omissions to state material facts necessary to make the statements made, in light of the circumstances under which they were made, not misleading; and (b) engaged in transactions, practices and courses of business which are now operating and will operate as a fraud and deceit upon purchasers and prospective purchasers of such securities.

39. By reason of the foregoing, Defendants, directly and indirectly, have violated and, unless enjoined, will continue to violate Sections 17(a)(2) and 17(a)(3) of the Securities Act, 15 U.S.C. §§ 77(q)(a)(2) and 77(q)(a)(3).

COUNT IV

FAILURE TO DISCLOSE IN VIOLATION OF SECTION 17(b) OF THE SECURITIES ACT (As Against Defendant Bockler)

40. The SEC realleges and repeats its allegations set forth at paragraphs 1 through 8 and paragraphs 25 through 30 of this Complaint as if fully restated herein.

41. Since a date unknown but since at least January 1999 through October 1999, Defendant Bockler, by the use of the means or instruments of transportation or communication in interstate commerce or by the use of the mails, published, gave publicity to, or circulated communications that, though not purporting to offer securities for sale, described certain securities.

42. Defendant Bockler, directly and indirectly, received consideration for such activities from an issuer, Defendant Global, and did not fully disclose the past or future receipt of such consideration and the amount thereof.

43. By reason of the foregoing, Defendant Bockler, directly or indirectly, has violated and, unless enjoined, will continue to violate, Section 17(b) of the Securities Act, 15 U.S.C. § 77q(b).

RELIEF REQUESTED

WHEREFORE, the Commission respectfully requests that the Court:

I.

Declaratory Relief

Declare, determine and find that Defendants Global Datatel, Baker, Habib, and Bockler have committed the violations of the federal securities laws alleged herein.

II.

Permanent Injunctive Relief

Issue a Permanent Injunction, enjoining Defendants Global Datatel, Baker, Habib, and Bockler, their officers, agents, servants, employees, attorneys, and all persons in active concert or participation with them, and each of them, from violating Sections 17(a)(1), 17(a)(2), and 17(a)(3) of the Securities Act, 15 U.S.C. §§ 77q(a)(1), 77q(a)(2), and 77q(a)(3), and Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5, 17 C.F.R. § 240.10b-5, thereunder; and further enjoining Defendant Bockler from violating Section 17(b) of the Securities Act, 15 U.S.C. §§ 77q(b).

III.

Disgorgement

Issue an Order directing Defendant Bockler to disgorge all profits or proceeds that he has received as a result of the acts and/or courses of conduct complained of herein, with prejudgment interest thereon.

IV.

Penalties

Issue an Order directing Defendants Baker, Habib, and Bockler, to pay civil money penalties pursuant to Section 20(d) of the Securities Act, 15 U.S.C. § 77t(d), and Section 21(d) of the Exchange Act, 15 U.S.C. § 78u(d)(3).

V.

Retention of Jurisdiction

Further, the Commission respectfully requests that the Court retain jurisdiction over this action in order to implement and carry out the terms of all orders and decrees that may hereby be entered, or to entertain any suitable application or motion by the SEC for additional relief within the jurisdiction of this Court.

Respectfully submitted,

Dated: December ____, 2001

By: _____
Teresa J. Verges
Senior Trial Counsel
Florida Bar No. 997651

Kevin M. McGee
Senior Counsel
N.Y. Bar No. KMM-8017

Attorneys for Plaintiff
SECURITIES AND EXCHANGE COMMISSION
1401 Brickell Avenue, Suite 200
Miami, Florida 33131

Telephone Number: (305) 982-6384

Facsimile: (305) 536-7465

<http://www.sec.gov/litigation/complaints/complr17300.htm>

[Home](#) | [Previous Page](#)

Modified: 01/10/2002

[Home](#) | [Previous Page](#)

U.S. Securities and Exchange Commission

SECURITIES AND EXCHANGE COMMISSION**LITIGATION RELEASE NO. 17340 / January 25, 2002****SECURITIES AND EXCHANGE COMMISSION V. RYAN D. EVANS AND PAUL A. GIANAMORE (United States District Court for the Northern District of Illinois, 02-C-0582).**

The Commission announced today the filing of a civil injunctive action in the United States District Court for the Northern District of Illinois against Ryan D. Evans ("Evans") and Paul A. Gianamore ("Gianamore"), both of Chicago, Illinois, for insider trading. The Commission's complaint alleges from in or about December 1999 to in or about August 2000, Gianamore, then a Credit Suisse First Boston Financial Analyst, tipped his friend Evans with material, nonpublic information regarding several publicly traded companies. Evans then traded in the securities of these companies while in possession of this information. Specifically, during the relevant time period, Credit Suisse First Boston's Chicago office ("CSFB Chicago") acted as a financial advisor to one of the parties of at least four merger or acquisition transactions. Through his employment at CSFB Chicago, Gianamore obtained nonpublic information about the mergers and acquisitions in issue before they were publicly announced. He then tipped Evans with the inside information. While in possession of this information, Evans purchased shares in companies shortly before an announcement of the merger or acquisition. In each case, Evans sold his shares shortly after the public announcement of the merger or acquisition, making approximately \$243,667.17 from these four trades. The Complaint seeks the entry of an order of permanent injunction, enjoining the defendants from violating Sections 10(b) and 14(e) of the Securities Exchange Act of 1934 and Rules 10b-5 and 14e-3 thereunder, as well as disgorgement, plus prejudgment interest and the imposition of a civil penalty.

<http://www.sec.gov/litigation/litreleases/lr17340.htm>

[Home](#) | [Previous Page](#)

Modified: 01/25/2002